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## **INSTRUCTIONS FOR FILING A CLAIM FOR WELFARE EXEMPTION FROM PROPERTY TAX**

### **GENERAL INFORMATION**

#### **FILING OF CLAIM**

Claims for the welfare exemption must be signed and filed **with the Assessor**. Each claim must contain supporting documents **including financial statements**.

An officer or duly authorized representative of the organization **owning** the property must sign the claim. An officer or duly authorized representative of the organization **operating** the property must sign and file a separate claim. If an organization both owns and operates the property, only one claim need be signed and filed with the Assessor for each property location. A separate claim form must be completed and filed for each property for which exemption is sought.

The Assessor will supply claim forms and supporting documents upon request. A copy of the claim should be retained by the organization. It is recommended that the retained copy be submitted to the Assessor for acknowledgment of filing by entry of the date and the Assessor's or the designee's signature. This copy will serve as a record of filing should there be any later question relative thereto.

#### **ORGANIZATION CLEARANCE CERTIFICATE**

An organization that is seeking the welfare exemption shall file with the State Board of Equalization (Board) a claim for an Organizational Clearance Certificate. The Board shall review each claim to determine whether the organization meets the requirements of section 214 and shall issue a certificate to a claimant that meets these requirements. The Assessor may not approve a property tax exemption claim until the claimant has been issued a valid organizational clearance certificate. If the claim is filed timely with the Assessor, the claim will be considered timely filed even if the claimant has not yet received the organizational clearance certificate from the Board.

#### **RECORDATION REQUIREMENT**

Revenue and Taxation Code section 261 requires that an organization claiming the welfare exemption for its real property must have recorded its ownership interest as of the lien date (12:01 a.m., January 1) in the recorder's office of the county in which the property is located.

A claimant which on the lien date has a **possessory interest in publicly owned land, owns water rights, or owns improvements on land owned by another** may in lieu of recordation file a copy of the document giving rise to that possessory interest or water rights or file a written statement attesting to the separate ownership of those improvements with the Assessor. Failure to establish the fact of such recordation to the Assessor constitutes a **waiver** of the exemption.

#### **TIME FOR FILING**

To receive the full exemption the claimant must **file a claim each year on or before February 15**. Only 90 percent of any tax or penalty or interest thereon may be canceled or refunded when a claim is filed between February 16 of the current year and January 1 of the following calendar year; if the application is filed thereafter, only 85 percent of any tax or penalty or interest thereon may be canceled or refunded. In no case, however, is the tax, penalty, and interest for a given year to exceed \$250.

#### **FISCAL YEAR**

The fiscal year for which exemption is sought must be entered correctly. The proper fiscal year follows the lien date (12:01 a.m., January 1) as of which the taxable or exempt status of the property is determined. For example, a person filing a timely claim in February 2004 would enter "2004-2005" on line six of the claim; a "2003-2004" entry on a claim filed in February 2004 would signify that a late claim was being filed for the preceding fiscal year.

#### **ADDITIONAL INFORMATION**

The owner and the operator must furnish additional information to the Assessor, if requested. The Assessor may institute an audit or verification of the operations of the owner and of the operator and may request additional information from the claimant.

## PREPARATION OF CLAIM

The term property as used here means any operating unit of property consisting of one parcel or several contiguous parcels for which exemption is sought even though there may be several improvements and separate buildings thereon. All personal property for which exemption is sought should also be listed.

If the owner and operator of the property are not the same, each must execute a separate claim and give the information requested. **All questions must be answered.** Failure to answer all questions may result in denial of your claim. Leave no blanks; use "no," "none," or "not applicable" where needed. The following information is provided to assist you in answering specific questions on your claim.

- Line 10.** (a) Year filed is the year in which the claim was submitted to the Assessor.  
(b) Give exact name under which organization filed for year indicated in (a).
- Line 14.** Enter the legal description or map book, page, and parcel number. Use additional sheets if necessary.  
(a)(1) Indicate the area and the unit of measurement used.  
(2) List the primary use which should qualify the property for exemption and the incidental use or uses of the property since January 1 of the prior year.  
(b)(1) List all buildings and improvements on the land. Use additional sheets if necessary. Describe as stucco, concrete and steel, brick, wood, etc.  
(2) List the **primary use** and the incidental use or uses of the property since January 1 of the prior year.  
(c)(1) List the type of personal property.  
(2) List the primary use and the incidental use or uses since January 1 of the prior year.
- Line 15.** If the owner and operator of any portion of the property are not the same, **both must file a claim**, and each must meet all of the requirements to obtain the exemption.
- Line 16.** (a) Copies of leases or agreements must be submitted if the answer is yes. If the leases or other agreements have been filed in prior years, it is only necessary to attach copies of subsequent extensions, modifications, and changes.  
(b) If the answer is yes, provide the names and addresses of the lessors and consignors and list the quantity and description of the property.
- Line 17.** If the answer is yes, describe the portion of the property used for living quarters. Submit documentation, including tenets, canons, or written policy, that indicates the organization requires housing be provided to employees and/or volunteers. Include statement why such housing is incidental to and reasonably necessary for the exempt purpose of the organization and the occupant's role or position in the organization. (This question is not applicable where the exempt activity is providing housing, for example, homes for aged, youth, mentally or physically disabled.)
- Line 18.** If the answer is yes, describe in sufficient detail to determine the volume of business and the hours open for business since January 1 of the prior year. If a business operation located on the listed parcel has been **deliberately omitted**, because you do not desire the exemption on the business, so state.
- Line 21.** If the answer is yes, describe the type of investment contemplated and the reasons that make such expansion necessary.
- Line 22.** In submitting the financial statements, the operating statement should be restricted to the financial transactions relating to the operation of the subject property. The income should include only those receipts that result from the operation of the property and should not include receipts from invested funds, gifts, or other items that do not result directly from the operation of the property.  
  
The expenditures should be limited to those resulting from the operation of the property. Any expenses of the organization or expenses extraneous to the operating unit should not be included. If compensation of personnel or other administrative expenses are pro-rated to the property, such pro-rata should be indicated. If the nature of an item of income or disbursement is not clear from the account name, further explanation indicating the nature of the account should be appended. **Your claim will not be processed until the financial statements are received by the Assessor.**
- Line 23.** If the answer is yes, provide the documents and other information requested.